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SUBJECT: (S/NF) ARMENIAN PRESIDENT AGAIN DENIES IRAN ARMS TRANSACTION IN AMBASSADOR'S FIRST MEETING

REF: YEREVAN 754

Classified By: Amb. Marie L. Yovanovitch, reasons 1.4 (b,d)

¶1. (S/NF) President Serzh Sargsian raised the issue of Iran arms sales during the courtesy call which followed the ambassador's formal presentation of her credentials. Sargsian repeatedly and categorically denied that any such transaction had taken place, insisting he was "100 percent sure" that there was no way this was possible. Looking the Ambassador straight in the eye, Sargsian noted that the Armenian Government understands the seriousness of arms transfers to Iran, which is why the GOAM would never, could never participate in such an activity. Ambassador several times pointed out that our intelligence experts have extensive, credible information, and it is important that our two countries cooperate to discover the truth of the matter. The president readily agreed to a visit by U.S. experts to brief Armenian experts on the information linking Armenia to RPGs to Iraq. He continued, however, to insist there was no possibility of Armenian guilt and said he hoped to resolve the matter as quickly as possible.

¶2. (S/NF) Ambassador conveyed her concern that Armenia faces a serious risk of U.S. sanctions, and that full disclosure and cooperation is the only way to head this off. She said that she shared the president's desire to put the issue behind us quickly, and this is the best way to make that happen. She reminded that U.S. soldiers have been wounded and one killed in Iraq as a result of the weapons believed to have come through Armenia, and that this is a matter of utmost seriousness for the United States.

¶3. (S/NF) Immediately following the meeting, Ambassador was able to speak privately with Foreign Minister Nalbandian at some length about this issue. She told the minister "as a friend" that that a more effective strategy than denial would be for the President to institute an investigation into the issue, preferably with U.S. involvement. She suggested that if the President discusses the matter with Secretary Rice this week in New York a blanket denial would not be well-received. However, a forthcoming proposal for detailed consultations between U.S. and Armenian specialists to investigate the allegations carefully and disclose any relevant evidence would move the issue forward in a constructive way. Nalbandian promised to make this recommendation to President Sargsian.

¶4. (S/NF) Nalbandian also reported that he had spoken to the President about this immediately after his meeting with EUR DAS Bryza September 14. He said that Sargsian had taken the matter very seriously and quickly convoked a meeting of senior GOAM officials (he did not specify which ones) and ordered a quick review to determine whether the allegations had merit. After that meeting, Sargsian remained convinced there was no such transaction.

COMMENT

¶5. (S/NF) We were surprised that President Sargsian raised the issue at the Ambassador's courtesy call. Perhaps he was

trying to forestall a discussion in New York or perhaps he was taking a measure of the new Ambassador. Either way, he is clearly banking that categorically and forcefully denying that such a weapons transfer took place will make this issue go away.

¶6. (S/NF) We need to help the Armenians understand that U.S. steps regarding this arms transfer are regulated by law and that the Armenians must institute an investigation, preferably with U.S. involvement, in order for the issue to be resolved. Having the Secretary raise the issue with Sargsian during this week's meeting in New York will be a good way to drive the point home.

YOVANOVITCH

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